

2019 ANNUAL REPORT



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LETTER FROM THE CHAIR | JAN WESSELDIJK



The year 2019 was marked by a desire for a paradigm shift in corporate decision making. Over the summer, CEOs from the US Business Roundtable publicly acknowledged that they owe duties not just to shareholders but to all stakeholders. This declaration which had the effect of throwing a large stone in the pond, was mainly only a reminder of common sense and a return to the very essence of legislative texts which specify in most jurisdictions that board members owe their duties to the company and not to specific group interest.

The declaration had the advantage of provoking a thorough reflection on corporate governance and on the interaction between the key governance parties i.e. the shareholders, the board members, the management and the stakeholders. In parallel, other initiatives such as the adamant stand taken by BlackRock, the world's largest investment manager, to put sustainability at the center of their business, were taken. Numerous organizations have indeed been vocal in pleading for this return to basics and in providing guidelines for more corporate responsibility.

Also ecoDa has been outspoken. Already in January 2019, we provided our opinion on directors' duties and in September, we devoted The Corporate Governance

Dialogue to this topic of major importance. ecoDa put a lot of effort in engaging with third parties to enhance a fruitful debate.

The resurgence of the concept of corporate purpose, put forward by the PACTE Law in France, makes sense in a time that calls for more clarity, for firm commitment and for factual evidence.

Directors must be more accountable in the way they are fulfilling their duties and implementing the purpose. However, what matters is to keep boards accountable to the shareholders. In addition, it is up to each company to precisely define the negative impacts they can have on the environment and their ecosystem.

Over the past year, ecoDa has also advocated governance codes by defending their flexibility to allow major and rapid changes. When we look back in history, CG codes have often served as a reference point, expressing the societal principles and reflecting the common opinion in the field of good governance.

The year 2020 brings considerable challenges for businesses and society as a whole. The question of the fragmentation of the global economy and the question of which values should drive economic performance will keep us busy for a long time. One thing is sure, only companies that have strong and intelligent governance can hope to survive the crisis. ecoDa and its members will continue their efforts and support for all companies in this direction.

LETTER FROM THE DIRECTOR GENERAL I

BEATRICE RICHEZ-BAUM



Issues relating to corporate governance are getting more and more media attention. No current challenge for companies escapes a need for increasing attention from directors. Even the work program of the new European Commission considers Corporate Governance as an important tool to make companies more responsible from an environmental and social point of view. The European regulator is considering a couple of possible actions to ensure that boards would become more diligent about negative societal impacts to which a company directly or indirectly contributes (including in its supply chain). The boards could be required to develop a sustainability strategy and adopt timed targets. The assessment of the competence of board members and key function holders of banks could also be reviewed. In its 11 December 2019 [Communication on the European Green Deal](#), the Commission announced to [review the non-financial reporting directive](#) as part of the strategy to strengthen the foundations for sustainable investment. And to close the list, the new President of the European Commission, Ursula von der Leyen, has declared Gender quota for company boards as one of her priorities.

2019 was more a year of reflection for the Commission than a year of legislation. ecoDa has largely participated in the debates launched with stakeholders by

expressing its opinion during consultations or through own initiatives. In this sense, ecoDa has never been so vocal. We have a real presence in many conference rooms addressing all these priorities for directors, also ensuring our representation in advisory bodies, whether at EFRAG or at ESMA. All this would not have been possible without careful monitoring of European developments but also of private initiatives which influence the debate. ecoDa is strengthening its network through an increasing number of corporate associates and joint initiatives.

The increasingly stringent requirements for administrators also strengthen the role that ecoDa and its members must play in terms of training. This is felt by a more marked need for European benchmark in training approaches. On another point, ecoDa has decided to open its doors to the European Confederation of Institutes of Internal Auditors (ECIIA) and create together The CG House to pool our energies as much as possible, share on major issues of mutual interest and to support each other. This initiative preserves everyone's independence and strategic objectives.

Last but not least, ecoDa has modernized its website and is now planning to take an additional step by offering a digital platform to its members.

In 2020, the board of directors will embark on a new strategic exercise to adapt our services to the current context and to the major challenges ahead.

MILESTONES OF THE 2019



20

NATIONAL INSTITUTES
OF DIRECTORS



+20%

1

NEW CORPORATE
ASSOCIATES



THE CORPORATE
GOVERNANCE
HOUSE

CREATION OF
THE CORPORATE
GOVERNANCE HOUSE
TOGETHER WITH ECIIA



13

POSITION PAPERS



12

SPEAKING SLOTS



3

REPRESENTATIVES IN
EUROPEAN BODIES



3

OPINIONS ON
STAKEHOLDERS' REPORTS



4

EXTERNAL REQUESTS OF
OPINION



A NEW WEBSITE
www.ecoDa.org

ecoDa's BOARD

In 2019, the composition of our board of directors has been largely impacted by numerous changes at the member level. The newly elected presidents or appointed CEO joined our board.

Some institutes therefore have two successive representatives during the current year.

The snapshot of the board composition in December 2019 was as follows :

- Jan Wessedijk, Chair (NCD, The Netherlands)
- Juan Alvarez-Vijande, Board member (IC-A, Spain)
- Rytis Ambrazevičius, Board member (BICG, Baltic countries)
- Sorana Baciú, Board member (Romanian institute of directors)
- Gro Braekken, Board member (Norwegian institute of directors)
- François Bouvard, board member (IFA, France)
- Svante Forsberg, board member (The Swedish Academy of Board Directors)
- Sandra Gobert, board member (Guberna, Belgium)
- Virginie Lagrange, board member (ILA, Luxembourg)
- Leena Linnainmaa, board member (Director's Institute Finland);
- Irena Prijovic, board member (SDA, Slovenia)
- Alessandra Stabilini, board member (Nedcommunity, Italy)
- Chaleur Valeur, board member (IoD, UK)
- Volker Wiedmeyer, board member (VARD, Germany)

In 2019, the board held six board meetings, including one meeting at the British IoD and another one at EY Wavespace. Different guests were invited to make presentations. This was the case of Mr Swieboda, Deputy Director at the European Political Strategy Centre (EPSC), internal think tank of the European Commission.

The Committees' Chairs, the Treasurer (Philippe Declaire), the Communication Adviser (Suzanne Liljegren) and the Director General were all invited to join the board meetings.

A Nomination Committee composed of Irena Prijovic (Chair), Juan Alvarez-Vijande (IC-A), Gro Braekken (Norwegian Institute of Directors), Svante Forsberg (The Swedish Academy of Board Directors) and Béatrice Richez-Baum (ecoDa) supported the Board's activities.

ADVOCACY ACTIVITIES

The core mission of ecoDa is to voice the opinion of European directors. Our Policy Committee is there to develop position statements on topics closely linked to Corporate Governance that have direct impact on board members.

THE POLICY COMMITTEE

The Policy Committee is composed of:

- Michel de Fabiani (Chair)
- Rytis Ambrazevičius (*Baltic Institute of Corporate Governance*)
- Sorana Baciú (*Independent Directors Association*)
- Dirk Backhaus (VARD)
- Carum Basra (*Institute of Directors*)
- Boeva Bistra
- Annelies de Wilde (*Guberna*)
- Philippe Decleire (*ecoDa*)
- Pascal Durand-Barthez (*IFA*)
- Michael Hilb (*Swiss Institute of Directors*)
- Fernando Iguartua (*Instituto de Consejeros-Administradores*)
- Per Lekvall (*StyrelseAkademien*)
- Leena Linnainmaa (*Directors' Institute Finland*)
- Rezarta Cenaj Melo (*Corporate Governance Institute of Albania*)
- Gorazd Podbevšek (*Slovenian Directors' Association*)
- Irena Prijović (*Slovenian Directors' Association*;
- Béatrice Richez-Baum (*ecoDa*)
- Valerie-Anne Rondeau (*Institut Luxembourgeois des Administrateurs*)
- Alessandra Stabilini (*Nedcommunity*)
- Micaela Thorström (*Directors' Institute Finland*)
- Frank Van Den Akker (*NCD*)
- Edwin Ward (*Institute of Directors, Malta Branch*)
- Mark Watkinson (*Institute of Directors, Malta Branch*)

“WE NEED TO ENSURE THAT LEGISLATION AND CODES SUPPORT THE COMPANIES TO CREATE VALUE FOR ITS SHAREHOLDERS AND ITS RELEVANT STAKEHOLDERS IN A COMPETITIVE AND SUSTAINABLE WAY”

Michel de Fabiani, Policy Committee Chair

Under the impulse of the Director General and the Policy Committee's chair, the Committee has been very active in 2019 with the issuance of 13 position papers (see the full list in Appendix 1 – with explanations about the content and ecoDa's position). ecoDa has expressed opinions on a large scale of subjects including non-financial reporting, remuneration reports, directors' duties and sustainability.

ADVOCACY ACTIVITIES

The subject of directors' duties was widely debated last year both because its importance in the media and because of the attention that the European Commission paid to it. The third session of The Corporate Governance Dialogue on Directors' Duties was even dedicated to the redefinition of corporate purpose and questioned who should define the corporate purpose. The aim of The Corporate Governance Dialogue is to reflect on the future evolution of Corporate Governance, the governance trends and challenges business firms and other organisations are confronted with in the European and international context, and potential future amendments to the CG framework and mechanisms. For the third roundtable, on the 16th of September, ecoDa's member institutes and Corporate Associates engaged in the conversation together with Prof. Lutgart Van den Berghe (Leader of The CG Dialogue), Prof. Colin Mayer (at Saïd Business School, University of Oxford), Prof. Steen Thomsen (Novo Nordisk Foundation Endowed Chair of Enterprise Foundation Governance at Copenhagen Business School Copenhagen Area, Capital Region, Denmark) and Per Lekvall (Member of the Swedish Institute of Directors).

The Policy Committee has not only expressed its opinion on legislative pending issues but has taken the initiative to "influence the influencers". Given the number of reports stressing the role of corporate governance for the future role of companies, the Policy Committee has indeed decided to be vocal on the different perspectives expressed. By doing so, the Policy Committee prides itself on this innovative way to practice advocacy in

times when the number of stakeholders involved in Corporate Governance has largely increased.

The Policy Committee identified three reports undertaken by third parties that could potentially have an influence towards the European regulators. Therefore, ecoDa decided to react and provide constructive comments.

Thus, ecoDa provided comments to the AccountancyEurope Report on « [10 ideas to make corporate governance a driver of a sustainable economy](#) ». In this report, AccountancyEurope provoked thoughts with ten recommendations that suggest changes in boards' roles and practices. The report refers to a "collective responsibility for governments, businesses and citizen alike", but it does not target at all the management which is surprisingly absent throughout the text. In [its comments](#), ecoDa recalled that boards supervise the operations from a macro-level position while executives are responsible for carrying out day-to-day operations.

On the 27th of November, the British Academy released a [report](#), which set out eight principles on law, regulation, ownership, governance, measurement, performance, finance and investment. ecoDa engaged a very interesting conversation with Prof. Colin Mayer (see finalised [comment letter](#) finally sent in February 2020).

The SMART project on Supporting the Transition to Sustainability, which has received funding from the EU Horizon 2020 research and innovation programme, was released at the 24th EU CG conference in Helsinki. ecoDa questioned some

assumptions made in the Report and considered that developing common principles for a sound corporate governance applicable across Europe, fitted for the challenges and opportunities of the future would certainly make sense and ecoDa will be working on that objective. However, going for an EU CG Code is a step further that ecoDa did not favor (*See finalized [comment letter](#) sent at the very beginning of January 2020*).

Another landmark event that provides further evidence of our growing influence is the fact that ecoDa is now approached by third parties to enrich their data analysis or their surveys.

In that respect, Michel de Fabiani, Chair of ecoDa's Policy Committee, was interviewed twice by the Company Law Expert Group in presence of the Member States (the 29th of January & the 20th of September 2019). The Company Law Expert Group aimed to support the European Commission in its work to adopt guidelines to specify the standard presentation of the information to be provided in the remuneration report under Article 9b of the revised Shareholders Rights Directive (2017/828).

Two other organizations commissioned by the European Commission for specific surveys approached ecoDa. Michel de Fabiani, Chair of ecoDa's Policy Committee, and Béatrice Richez-Baum, ecoDa's Director General, were interviewed on the 12th of June 2019 to provide their input for the study on due diligence requirements for companies through the supply chain (in link with action 10 of the Action plan on sustainable finance) undertaken by the British Institute of International and Comparative Law (*See the final [survey](#)*). The same happened for the EY study on directors' duties and sustainable corporate governance. ecoDa had also the opportunity to respond to their online survey directed to associations.

Finally, ecoDa was invited to make comments to the Tapestry Network's Report on « Audit Committee Realities: Insights from Europe's Leading Boards ». This [report](#) describes good practices of the audit committees of the largest European enterprises.

To perform these tasks, the Policy Committee held six conference calls in 2019, and three physical meetings.

PROACTIVE ACTIONS

ecoDa is always alert to address CG issues before they are enacted in any kind of legislation, rather than merely responding to regulators' initiatives after they have occurred. In order to develop insights on topical CG issues, ecoDa engages with its Corporate Associates in different projects of common interest that can serve the European community of board members.

In that context, ecoDa was involved in the third stage on the joint project with Mazars built on the first two initial stages. This new initiative considered the relationship between boards of listed companies and the investors and employees in their businesses. It also considered the contribution these stakeholder groups can make to good corporate governance. Contributions, that promote long-term sustainable success for the benefit of stakeholders in businesses and wider society. A series of roundtables was organized across a range of leading European capital markets bringing leading directors and investors together to discuss how they can have an effective dialogue, built on a mutual understanding of their respective roles, to achieve sustainable success for the benefit of their stakeholders and wider

society. Roundtables were planned in Belgium, France, Germany, Italy, Romania and UK. The outcome of the project will be presented in 2020.

This project is conducted by the following people: Anthony Carey (Mazars), Alexia Perversi (Mazars), Roger Barker (IoD), Carum Basra (IoD), Sorana Baci (Independent Directors Association), Michel de Fabiani (IFA), Annelies de Wilde (Guberna), Béatrice Richez-Baum (ecoDa), Livia Piermattei (Nedcommunity).

In 2019, the Internet Security Alliance (ISA), based in the US, in conjunction with ecoDa and AIG, committed to create a pan-European cybersecurity handbook for corporate boards. Boards must strike the appropriate balance between protecting the security of the organization and mitigating downside losses while maximizing profitability, productivity, and growth through digital transformation. They need to be sure they are providing the oversight and vision for their management teams. A small task force was created to support the project. The project was completed in 2020 within approximately six months following initiation.

ENHANCING VISIBILITY

ecoDa's advocacy activities are carried out in an open and transparent manner. To ensure dissemination of our opinions, ecoDa tries to ensure wide cooperation and strong visibility.

As a great achievement in 2019, ecoDa successfully placed three experts in European advisory bodies:

OSSIAN EKDAHL, Chief Active Ownership Officer (CAOO) of Swedish pension fund AP1 and board director of the Swedish Academy of Board Directors represents ecoDa at the European Corporate Reporting Lab

ANNE HELENE MONSELLATO, IFA's member, was appointed, with ecoDa's endorsement, at ESMA Consultative Working Group (CWG) for the ESMA Corporate Reporting Standing Committee (CRSC)

ANTONIO FUERTES ZURITA, a member of the Spanish Institute of Directors (IC-A) and a senior advisor to boards of directors on CSR matters, represents ecoDa at the European Lab Project Task Force on Climate-related Reporting

Our advocacy role is reinforced through different thematic events organized under our umbrella. ecoDa has organized a limited number of events in 2019, preferring quality over quantity.

On the 7th of May 2019, ecoDa held a conference on "*Looking beyond financial performance*" in close partnership with PwC and World Business Council for Sustainable Development (WBCSD) and in presence of Florentine Hopmeier (Member of Cabinet, Cabinet of Vice-President Jyrki Katainen), Maija Laurila (Head of Unit, European Commission, DG Justice). Businesses cannot wait for legislators; they should lead the path towards long-term sustainability. That was a conclusion when speakers reflected on how to re-align societal and corporate interests, thus ensuring the sharing of costs and benefits of the

transition to a sustainable economic paradigm (See the [Press release](#)).

ecoDa engaged knowledge leaders and stakeholders through webinars. Two webinars covered the topic of digitalization. In January 2020, at a joint webinar with Euronext and ICSA on "*Moving to digital board meetings*", a panel of high-level speakers drew attention to the critical question of how to evolve from data processing/information sharing to value creation through business intelligence and provided some practical recommendations for a successful

transition to a board portal. 480 people registered to this webinar.

A second joint webinar on *“How can innovations in information technologies support the role of the board of directors?”*, in November 2019, this time with CGLytics, addressed the specific question of business intelligence. The international experts invited agreed that business intelligence is there to support not only the management but also board members in making better decisions. In a more demanding environment, board members have to understand the drivers of value creation and develop the right metrics to articulate value.

In parallel, ecoDa secured 12 speaking slots for its members at major European conferences on corporate governance such as the EC Conference on Sustainable Corporate Governance (24 January 2019) or the 23rd and 24th European Corporate Governance Conference under the auspices of Romania's and Finland's Presidencies of the Council of the European Union.

It goes without saying that our visibility is finally ensured by our presence at different external conferences such as the Stakeholder dialogue on sustainable finance organized by the European Commission on 24 June 2019.

Suzanne Liljegren acts an adviser for most external communications (press releases/ press articles).

THE EDUCATIONAL COMPONENT

Education constitutes an important part of ecoDa's activity not only through the organization of European sessions but also insofar as it constitutes an essential lever for the professionalization of board members.

THE EDUCATION COMMITTEE

The Education Committee is composed of:

- Jean Coroller (Chair)
- Rytis Ambrazevičius (*Baltic Institute of Corporate Governance*)
- Sorana Baciú (*Independent Directors Association*) Gerard Citroen (NCD)
- Lars-Eric Forsgårdh (*StyrelseAkademien*)
- Colina Frisch (*Swiss Institute of Directors*)
- Leena Henningsson (*StyrelseAkademien*)
- Agnès Remond (IFA)
- Béatrice Richez-Baum (ecoDa)
- Rada Sibila (*Slovenian Directors' Association*)
- Melanie Terren (*Institut Luxembourgeois des Administrateurs*)
- Véronique Vansaen (*Institut Luxembourgeois des Administrateurs*)

“2020 WILL BE ANOTHER MILESTONE IN OUR CONTINUED BOARD EDUCATION MISSION. ON THE ONE HAND, BE AN INSPIRATION SOURCE FOR THE NATIONAL INSTITUTES BY BUILDING THE ECODA GUIDELINES ON THE CORE CONSTITUENTS OF THE NATIONAL CERTIFICATION PROGRAMMES. ON THE OTHER HAND, WE WISH TO BRING EXTRA VALUE ADD, STATE OF THE ART AND INNOVATIVE LEARNING IDEAS IN THESE INCREDIBLE CRISIS TIMES, TO ADDRESS THE RIGHT POST CRISIS CHALLENGES OF BEING AN EFFECTIVE BOARD DIRECTOR”

Jean Coroller, Education Committee Chair

Our Education Committee is the second pillar for our activities. It operates as a collective and trusted body composed of leading board education professionals responsible in their respective institutes of directors for designing professional programmes targeted at board members.

The primary mission of the Education Committee is to oversee the ecoDa's professional programme, a co-creation which supplements the national competence development for board directors with a European perspective.

This European module is open to directors and supervisory board members seeking to gain a European perspective on board functioning and corporate governance. For its programme, ecoDa relies on an academic partnership with INSEAD which pilots a board simulation on the second day. In March 2019, 28 participants took part in the programme while 37 board members were registered to the October session. In 2019, Chris Hodge, Director, Governance Perspectives, took over from Roger Barker as the facilitator of the programme.

In order to stimulate its alumni group, ecoDa launched a new initiative in promoting lifelong learning and continued professional development through a series of webinars to update European board members on key developments impacting European corporate governance. A first webinar, in November 2019, covered the complex recent case of British Home Store (BHS), a large private company in the retail sector with a controlling shareholder whose unravelling offers an insight into questions of corporate liability and corporate governance.

In 2019, the Education Committee started to explore possible routes for extending its education offer.

The Education Committee elevates the quality of the education and knowledge of corporate governance practices in ecoDa's member institutes. It operates as a leading forum for the development of value-creating board practices and acts as a driver for excellence through a mutual learning environment. The member institutes benefit largely from learning about the new initiatives taken at national level. This is why the Education Committee summarized all the existing programmes in a handbook that will work as an efficient change driver for the institutes (See the [external version](#) which constitutes an external communication tool showing how IoDs have taken seriously the professionalisation of board members).

By enabling innovative thinking, the Education Committee operates as the incubator of potential solutions that lead to the emergence of new skills and talents at board level and potential new education programmes.

As a second step, the Education Committee decided to endorse the programmes of its institutes as long as that the member institute regularly updates its programme with new key focus areas and innovative state of the art governance guidelines and practices.

As a further step, the Education Committee will identify what are the core elements that each certification should embed.

At the request of the Armenian Institute of Directors (AloD), a small Task Force of the Education Committee started to help them for the development of a certification programme. AloD believes that to attract business leaders an international certificate, carrying prestige, mobility and networking possibilities, is needed. This means a cursus with a relatively substantial content, taught by an international faculty and sanctioned by an internationally recognized institution.

Another Task Force was appointed to investigate best practices and education concepts for the development of directors' soft skills. The UK IoD's framework was used as a starting point for inspiration.

The Education Committee agreed to have a 2020 planning more topic driven. High interest topics for next year will include Soft Skills and Case Studies.

To perform these tasks, the Education Committee held five conference calls in 2019, and two physical meetings.

The Committee will consider the leading institutes in these undertakings and evaluate the feasibility of visiting their facilities.

NEW DEVELOPMENTS IN TERMS OF MEMBERSHIP

ecoDa maintains a level of growth in its membership even if certain institutes - which are essentially institutes having the status of affiliated members and not full members - encounter financial difficulties and thus request membership suspensions.

The affiliation of the Armenian Institute of Directors and the connection established with the Board Leadership Society in Denmark (which was confirmed in 2020 by an affiliation as a full member) allowed a new enrichment of the network of members and a continuous dynamic within the institutes. Certain markets seem, however, to remain more hermetic to the emergence of institutes of directors in spite of the increasingly strong need for directors to share their experiences in view of current challenges.

In addition, ecoDa was successful in securing a new Corporate Associate, [CGLytics](#). CGLytics is a governance intelligence provider, delivering powerful

data-driven solutions to board members and institutional investors. A strong relationship was also established with Crowell & Moring, an international law firm representing clients in litigation and arbitration, regulatory and transactional matters (with confirmed partnership in 2020). Crowell & Moring performed a review of our Articles of Association to ensure alignment with the new Belgian Company Law.

Our Membership Committee has been instrumental in identifying the right bodies, facilitating their affiliation and their smooth integration within the Confederation.

THE MEMBERSHIP COMMITTEE

The Membership Committee is composed of:

- Philippe Decleire (Chair)
- Irena Prijovic (SDA)
- Jan Wesseldijk
- Béatrice Richez-Baum

**“THE MEMBERSHIP COMMITTEE
MANAGED TO SECURE A STABLE
BEDROCK OF ACTIVE MEMBERS
THAT ARE PLACED ON AN EQUAL
FOOTING”**

Philippe Decleire, Membership Committee Chair

The third edition of our Members' Forum took place in Brussels, in May 2019. It provided a unique opportunity to strengthen the relations among the institutes of directors and the cohesion within the community of European board members. ecoDa believes in the value of sharing experiences to encourage its members to surpass themselves and to better meet the expectations of their individual members.

WE ARE THE EUROPEAN VOICE OF BOARD MEMBERS.

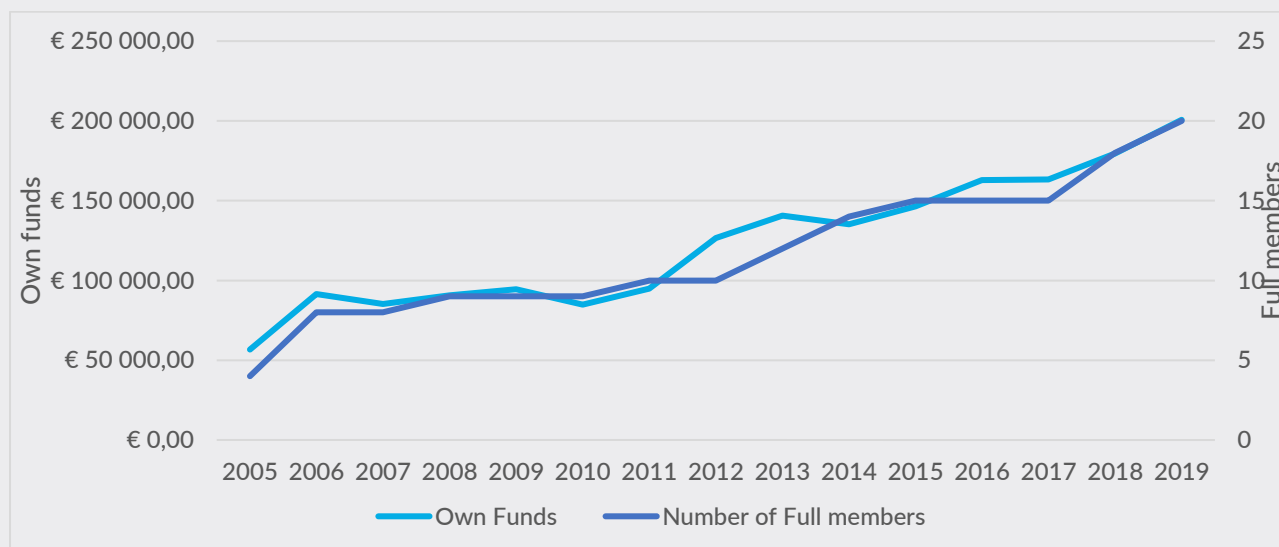
ecoDa is an independent actor and a unique umbrella organization representing the main national institutes of directors in Europe. Our member institutes cover in total about 50,000 individual directors across 21 countries, sitting on the board of companies of all sizes and sectors. All our member institutes are well recognized in their country and are well-recognised market players in regard to Corporate Governance.

FINANCIALS

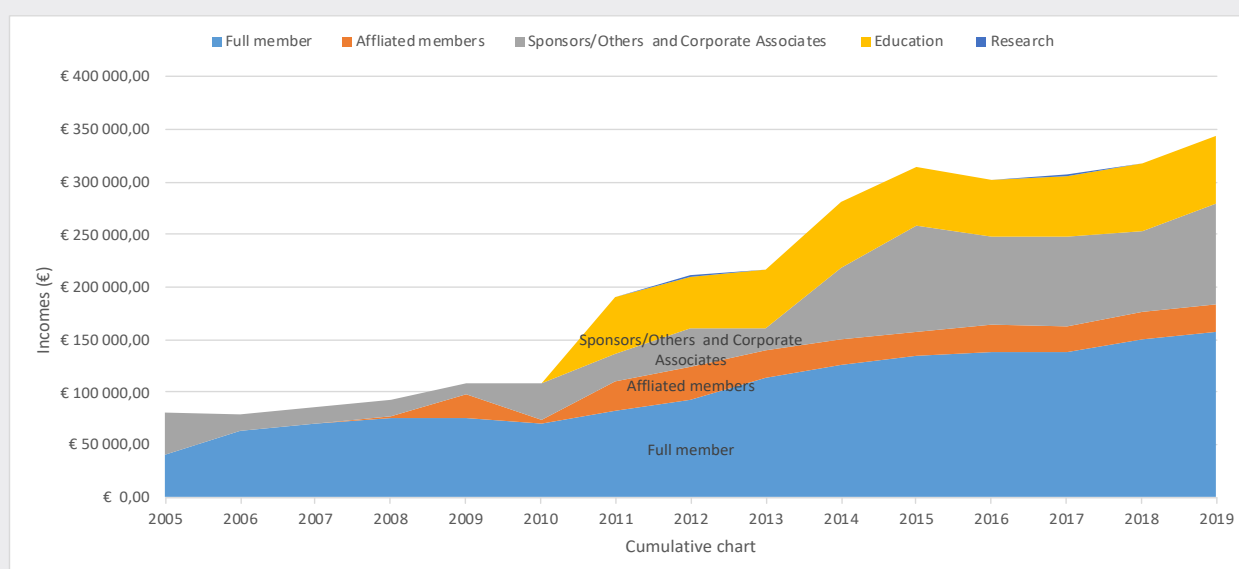
ecoDa ends its 2019 financial year with a positive result of €18 560 (in comparison with € 3 796 the previous year) which is better than initially budgeted (€8 175).

ecoDa maintains a growth in its membership and its Own Funds are up to €200 686.65 providing ecoDa with a sound financial structure (ratio Own Funds / Expenses above 50%).

The continued growth of ecoDa's activities is confirmed together with constant costs control.



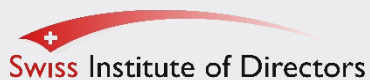
The income distribution shows 1- the continued growth of fee contributions paid by Full Members and Corporate associates, 2- the stability of the education incomes, and 3- the low level of fee contributions paid by Affiliated Members for which a progress margin still exists.



The salaries' increase follows the curve of ecoDa's activities. The ratio *Salaries versus Expenses* remains stable at about 60% and is therefore well controlled.

OUR MEMBERS

FULL MEMBERS



OUR MEMBERS

AFFILIATED MEMBERS



CORPORATE ASSOCIATES



APPENDICES

APPENDIX 1: OUR POSITION PAPERS

- ecoDa's written comments to the report on climate related disclosures issued by the Technical Expert Group on Sustainable Finance

Context: In January 2019, the Technical Expert Group on Sustainable Finance published its report on climate related disclosures. The report contained recommendations for the update of the Commission's non-binding guidelines on non-financial reporting, specifically with regard to climate-related issues and to align those guidelines with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The recommended disclosures included were differentiated based on the level of exposure of reporting companies with respect to climate-related risks and opportunities.

ecoDa's opinion: ecoDa welcomed the approach of providing specific disclosures and guidance for each element of the Non-Financial Reporting Directive requirements, including metrics for all in-scope companies, for non-financial companies, and for banks and insurance companies. However, we warned that too much standardization leads to high level declarations which provide little value for the outside world against a high cost for the company.

- ecoDa's Position Statement on some major corporate governance questions addressed to the future European Commission and European Parliament

Context: While the European Commission was preparing technical notes for the new Commissioners and their staff to be appointed and while (potentially new) MEPs started their election campaigns, the ecoDa board, acting as "the European Voice of Directors", took the opportunity to address a number of corporate governance issues.

ecoDa's Opinion: ecoDa insisted that EU competitiveness should remain a motto for regulators.

- ecoDa's position paper on Directors' Duties

Context: Prior to the statement of the US Business Roundtable, ecoDa took the initiative to issue a [press release](#) related to directors' duties in March 2019 to highlight key principles:

- It is up to shareholders to define the purpose of the company at the constitution moment or in a later phase when updating that purpose ;
- It is one thing to enhance behaviour and critical judgement rather than box-ticking exercises among board members. It is quite another thing to turn boards into consultative bodies where all opinions can be expressed and can delay decision-making ;
- Taking into account all stakeholders' interests on an equal footing should not be the ultimate goal of companies ;
- The European Commission should refrain from trying to harmonize the fundamental concept of corporate interest and directors' duties.

- The Consultation Document on the Update of the Guidelines on Non-financial Reporting

Context: In March 2018 the Commission published the Action Plan on Financing for Sustainable Growth, with the aim of reorienting capital towards sustainable investment, managing financial risks that arise from climate change and other environmental and social problems, and fostering transparency and long-termism in financial and economic activity. As part of that Action Plan, the Commission committed to updating the Non-Binding Guidelines on Non-Financial Reporting, specifically with regard to the reporting of climate-related information. The consultation sought specific input from stakeholders on the proposed revision of the non-binding guidelines on non-financial reporting.

ecoDa's opinion: ecoDa provided its input in March 2019. We welcomed the idea of linking climate-related disclosure to EU climate commitments. Better understanding of climate related risks would lead to better exposure of such risks. This will provide stakeholders with more detailed insights on companies' exposure to normative risks in relation to the evolving EU Climate Policy Targets. However, when it comes to the concrete disclosures to be considered, the guidelines appear vastly oversized, both in terms of the sheer amount of disclosures to be considered and the level of detailed information expected in many cases.

- The targeted consultation on the draft guidelines on the standardised presentation of the remuneration report under the scope of the revised Shareholders Rights Directive (2017/828)

Context: Following Michel de Fabiani's participation to the EC Company Law Expert Group meeting of 29 January 2019, ecoDa formulated its comments in writing. Later on, in February 2019, the European Commission published a Consultation Document on the Update of the Guidelines on Non-financial Reporting. Following the comments received to the Consultation on Guidelines for Remuneration Reports, the Commission decided to fine-tune its proposal.

ecoDa's opinion: ecoDa submitted firstly its [written comments](#) to the Commission on the EC Guidelines related to the presentation of the remuneration reports. ecoDa insisted on two points:

- The guidelines might invite the companies to present remuneration reports in another format if deemed appropriate. What is important is to get a reader-friendly format taking into consideration the specificities for each company. As remuneration of directors differs very much between EU countries, it might not always be appropriate to set out a one format to fit all;
- The guidelines should not introduce elements in addition to the requirements of the Shareholders Rights Directive

In a second phase, ecoDa provided its [comments to the formal EC Consultation](#).

- ecoDa's reaction to the EC Communication on *Better Regulation*

Context: The Juncker Commission, learning the lessons of the past, committed to acting only where the EU adds value and to do so on the basis of the best available evidence, looking at economic, social and environmental impacts together and avoiding unnecessary costs. EU efforts have been recognised internationally by the OECD, which ranked the EU's regulatory policy as one of the very best in 2018. The Commission presented 150 measures to simplify Union legislation between 2015 and 2018. The REFIT Platform supported these efforts. It

processed 684 submissions from stakeholders and adopted 89 opinions to which the Commission replied including in the context of its annual work programmes. On 29 April, the Commission held a conference to take stock of the better regulation efforts, exchanging views with communities of stakeholders from civil society, business, research, public authorities and social partners and discuss possible ways forward.

ecoDa's opinion: In reaction to the EC Communication on Better Regulation, ecoDa addressed an [opinion letter](#) to Vice-President Frans Timmermans.

- **ecoDa responded to the ESMA Survey on collection of evidence on undue short-term pressure from the financial sector on corporations:**

Context: ESMA undertook a detailed review of the financial literature and furthermore collected evidence from market stakeholders to shed light on the dynamics at play. A public survey was conducted between 24 June and 29 July 2019. ESMA invited stakeholders to provide input on the six areas identified and put forward any additional topics and considerations which they considered relevant to short-termism.

ecoDa's opinion: in its [its opinion](#), ecoDa pointed out the fact that certain intangible assets are not accounted for in the financial statements because they cannot be separated and reliably valued. However disclosures on customer relationships, human capital, etc can enhance the perception of where the value resides. Absent other qualitative informations on the business, markets, ESG factors and peer group, fair value alone does not allow to better understand the performance of long-term investments and their short-term and long-term consequences.

- **ecoDa provided some input on the reflection related to due diligence requirements for companies through the supply chain.**

Context: The EC Action plan on sustainable finance specifies that to promote corporate governance that is more conducive to sustainable investments, by Q2 2019, the Commission will carry out analytical and consultative work with relevant stakeholders to assess the possible need to require corporate boards to develop and disclose a sustainability strategy, including appropriate due diligence throughout the supply chain, and measurable sustainability targets.

ecoDa's opinion: ecoDa issued [a press release](#) to incentivize the debate in July 2019.

To support this line, Béatrice Richez-Baum drafted a [press article](#) (Strategic shifts are needed to ensure due diligence in global supply chains) which was published on BoardAgenda in September 2019.

- **ecoDa reacted to the EFRAG consultation on its future project topics**

Context: The European Lab launched a public consultation on its future project topics and their respective priority and importance for Europe. This consultation was open until 30 September.

EFRAG also hosted an outreach event on September 10 that gave stakeholders an opportunity to exchange views with the European Lab Steering Group members and express their priorities on the future agenda. ecoDa attended the event.

Following the consultation, the European Lab decided to opt for a second project on Reporting of non-financial risks and opportunities, and linkage to the business model.

ecoDa's opinion: ecoDa provided its comment to the EFRAG's consultation.

- ecoDa responded through its Italian institute, Nedcommunity, to a consultation about implementation of the Basel III finalized framework with a specific focus on “Fit and proper” assessment

Context: In December 2019, the European Commission opened a public consultation on “Alignment EU rules on capital requirements to international standards (prudential requirements and market discipline)”. This consultation was predominantly about implementation of the Basel III finalized framework, except for section 9 of the consultation document which focused on “Fit and proper” assessment.

See [Nedcommunity's response](#).

APPENDIX 2: OUR SPEAKING SLOTS

- The EC Conference on Sustainable Corporate Governance (24 January 2019 / Brussels / Michel de Fabiani, Chair of ecoDa's Policy Committee)

On 24 January 2019, DG JUST organised a conference on sustainable corporate governance. This one-day event brought together policy-makers and relevant stakeholders with the aim to discuss recent policy developments in the field of corporate governance with a focus on sustainability and due diligence. It also provided an opportunity to exchange ideas on how foster more sustainable governance as announced in action 10 of the [Action Plan on Financing Sustainable Growth](#). The conference revealed that SDGs will be a priority for the future Commission. Many speakers said soft law was not enough, and were in favour of more stringent, and even binding rules to ensure more sustainability in European companies.

- The 23rd European Corporate Governance Conference (2 April 2019 / Bucharest/ Jan Wesseldijk (Chair), Paola Schwizer (Board member), Béatrice Richez-Baum (DG)

The 23rd EU CG Conference took place in Bucharest, Romania on the 2nd of April 2019, under the auspices of Romania's Presidency of the Council of the European Union. The main theme of the conference was "Corporate Governance as the enabler of sustainable growth". ecoDa was a partner of the conference.

The conference also produced [9 key recommendations](#) that can help improve corporate governance in the EU.

See [Press Release](#) - See the [White Paper](#)

- ACCA's roundtable on Internalizing environmental externalities: the contribution of corporate reporting of natural capital to sustainable finance and the circular economy (14 May 2019 / Brussels / Michel de Fabiani, Chair of ecoDa Policy Committee)
- Malta IoD 60th anniversary (16 May 2019 / La Valette / Béatrice Richez-Baum, ecoDa's DG)

The IoD Malta signed a memorandum of understanding with the financial services regulator. Charlotte Valeur, chair of the UK IoD, and Béatrice Richez-Baum addressed keynote speeches during the conference.

- AccountancyEurope conference on "Corporate governance: A driver of a sustainable economy" (26 June 2019 / Brussels / Michel de Fabiani, Chair of ecoDa Policy Committee)
Michel de Fabiani intervened along with the European Commission, OECD, European Issuers, EFAMA, PwC, and WWF.
- The ECIIA's conference (20 September 2019 / Luxembourg / Jan Wesseldijk, ecoDa's Chair)

- EY Webinar on Board perspectives on Long Term Value (7 October 2019, Leena Linnainmaa, ecoDa's board member)
- The Global Board Leadership Summit on Board Dynamics, Diversity and Talent Development (30 October 2019 / Copenhagen / Anna Daroy, ecoDa Board member)
- The 24th Corporate Governance Conference (12 December 2019, Helsinki, Rytis Ambrazevičius , ecoDa's board member)
The Conference studied the role of company law and corporate governance in the actions against climate change and other related global ecological threats.
- The Council of Bars and Law Societies of Europe (CCBE) conference on Modernisation of the EU Company Law (27 November 2019 / Brussels/ Béatrice Richez-Baum, ecoDa's DG)
Béatrice Richez-Baum intervened at a panel discussion with Maija Laurila, European Commission, DG Justice.



APPENDIX 3: OUR REPRESENTATIVES IN DIFFERENT EUROPEAN BODIES

European Corporate Reporting Lab - EFRAG	The European Lab Project Task Force on Climate-related Reporting	ESMA Corporate Reporting Standing Committee (CRSC)
Ossian Ekdahl Chief Active Ownership Officer (CAOO) of Swedish pension fund AP1 and board director of the Swedish Academy of Board Directors	Antonio Fuertes Zurita, a member of the Spanish Institute of Directors (IC-A) and a senior advisor to boards of directors on CSR matters	Anne Hélène Monsellato, IFA's member
The European Lab was established by EFRAG, following the call by the European Commission in its March 2018 Action Plan on Financing Sustainable Growth. The European Lab serves the European public interest and its objective is to stimulate innovation in the field of corporate reporting in Europe by identifying and sharing good reporting practices.	The primary focus was on the TCFD recommendations with consideration of other reporting frameworks as appropriate and taking account of the EC's non-binding guidelines on non-financial reporting, which were planned to be updated in 2019 with regard to climate-related disclosures.	The remit of the CRSC mainly include contribution and/or monitoring of regulatory developments as well as establishing appropriate supervisory convergence with reference mainly to requirements of the Transparency Directive, Accounting Directive, IAS Regulation and Audit Regulation.

APPENDIX 3: ANNUAL ACCOUNTS & REPORT

ecoda asbl ANNUAL ACCOUNTS (IN EUR)			2019	2018
ASSETS				
FIXED ASSETS	20/28	2 473,33		
I. Preliminary expenses (exhibit I)	20			
II. Intangible assets (exh. II)	21	2 473,33		
III. Tangible assets (exh. III)	22/27			
IV. Long-term investments (exh. IV and V)	28			
CURRENT ASSETS	29/58	280 326,68	237 900,48	
V. Long-term accounts receivable (more than one year)	29			
VI. Stocks and orders in progress	3			
VII. Short-term receivables (up to one year)	40/41	54 591,37	55 036,66	
A. Trade receivables	40	54 591,37	55 030,66	
B. Other accounts receivable	41		6,00	
VIII. Short-term investments (exh. VI)	50/53			
IX. Cash assets	54/58	217 473,49	176 029,19	
X. Accruals (exh. VII)	490/1	8 261,82	6 834,63	
TOTAL ASSETS	20/58	282 800,01	237 900,48	
LIABILITIES			2019	2018
PARTNERSHIP FUND	10/15	200 686,65	179 626,39	
I. Accumulated surplus	10	158 330,00	155 830,00	
V. Profit carried forward	140	42 356,65	23 796,39	
PROVISIONS	16			
LIABILITIES	17/49	82 113,36	58 274,09	
VIII. Long-term liabilities (exh. X)	17			
IX. Short-term liabilities - up to one year (exh. X)	42/48	74 344,49	58 274,09	
A. Long-term liabilities - more than one year - falling due this year	42			
B. Financial liabilities	43	738,31	418,45	
C. Trade accounts payable	44	25 024,73	16 638,44	
D. Payments on accounts for orders	46			
E. Taxes, salaries and social liabilities	45	48 581,45	41 217,20	
F. Miscellaneous liabilities	47/48			
X. Accruals (exh. XI)	492/3	7 768,87		
TOTAL LIABILITIES AND OWNERS' EQUITY	10/49	282 800,01	237 900,48	

PROFIT AND LOSS ACCOUNT		2019	2018
I. Sales and services	70/74	342 850,71	314 521,21
A. Turnover (exh. XII, A)	70	63 430,00	63 900,00
Other products	71/4	279 420,71	250 621,21
Supply, Goods, Services	60/61	-111 893,73	-111 176,83
A.B. Exploitation Gross profit	70/61	230 956,98	203 344,38
C. Salaries and wages, social expenses and pensions (exh. XII, C2)	62	-197 337,78	-189 402,96
D. Depreciations and amounts written down on preliminary expenses, intangible and tangible	630	-1 236,67	-2 372,11
E. Amounts written down on stock, orders in progress and on trade debts (allowance +, reversal -)	631/4	-7 453,92	-1 041,69
F. Provisions for risks and liabilities (allowance +, application and reversal -) (exh. XII, C3 and C4)	635/7		
G. Other operating expenses (exh. XII, F)	640/8	-6 060,01	-7 947,61
H. Operating expenses for restructuring (-)	649		
III. Operating profit (+)	70/64	18 868,60	2 580,01
Operating loss (-)	64/70		
IV. Financial income	75	83,47	435,89
V. Financial expenses	65	-743,69	-1 017,10
VI. Current profit before tax (+)	70/65	18 208,38	1 998,80
Current loss before tax (-)	65/70		
VII. Extraordinary revenues	76	643,40	1 973,72
VIII. Extraordinary expenses	66	-291,52	-176,12
IX. Profit of current accounting year before tax	70/66	18 560,26	3 796,40
Loss of current accounting year before tax (-)	66/70		
IV. Income taxes	67/77		
Profit of the year	70/67	18 560,26	3 796,40
Loss of the year	67/70		
A. Profit to be appropriated	70/69	42 356,65	23 796,39
1. Profit of the period to be allocated	70/68	18 560,26	3 796,40
Loss of the year to be allocated	68/70		
2. Reported profit from previous year	790	23 796,39	19 999,99
D. 1. Profit to carry forward	693	-42 356,65	-23 796,39
OFF BALANCE ACCOUNTS			
040000 Third Holders on their behalf of values		-21 666,67	-34 166,67
041000 Value Held by third Parties in their name		21 666,67	34 166,67



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THE EUROPEAN CONFERENCE OF DIRECTORS'
ASSOCIATIONS
Avenue des Arts, 41

1040 BRUXELLES

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS

ON THE ANNUAL ACCOUNTS

FOR THE YEAR ENDED ON 31ST DECEMBER 2019

Réviseurs d'Entreprises / Bedrijfsrevisoren / Belgische Wirtschaftsprüfer
Agréé pour les Institutions Financières / Erkend voor de Financiële Instellingen / Für Finanzinstitute anerkannt
Agréé par l'Office de contrôle des mutualités / Erkend door de Controledienst voor de Ziekenfondsen / Von der Krankenkassenaufsicht anerkannt

Audit / Tax / Corporate Finance / Risk / Accounting / IT Audit
Antwerp / Brussels / Hasselt / Kortrijk / Namur / Verviers / Luxembourg (L) / Berlin (G) / Lille (F)

Numéro d'Entreprise / Ondernemingsnummer BTW TVA BE 0427.897.088
IBAN: BE84 6110 9295 4059 / BIC: DEUTBEBE

Dear Sirs,

We have the honour of delivering you our report on the limited audit you asked to conduct for the year ended December 31, 2019.

We have performed a limited review of the annual accounts prepared under the supervision of the board of directors for the financial year ended December 31, 2019 with a balance sheet of € 282.800,01 and a benefit of € 18.560,26.

Our limited review of the financial information was conducted in accordance with the standard "ISRE 2400" related to limited reviews applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises". A limited review consists of making inquiries of management and applying analytical and other review procedures to the financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on annual accounts as issued by the "Institut des Réviseurs d'Entreprises". Accordingly, we do not express an audit opinion.

The board of directors of the company is responsible for the preparation and fair presentation of this financial information. Our responsibility is to express a conclusion on this financial information based on our review.

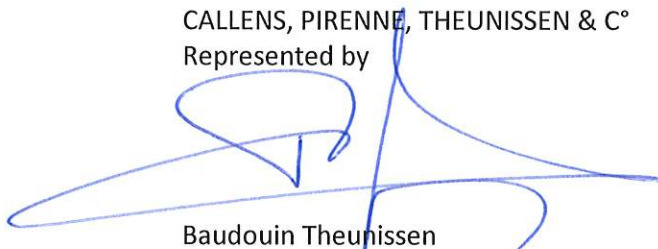
According to the ISRE 2400, we have taken into account the way of dealing with the administrative and financial matters of the Association and its internal control policies. The representatives of the Association have responded with clarity to our requests for explanations and information. We have examined the explanations related to the figures given on the financial statements by questioning.

In conclusion, while considering the work undertaken, our analysis of the financial statements has not revealed any elements that could lead to significant amendments of the financial statements.

Based on our limited review, nothing has come to our attention that causes us to believe that the financial information ended December 31, 2019 is not prepared, in all material respects, in accordance with the accounting standards as adopted in Belgium.

Brussels, 28th April 2020

CalLennS, PIRENNE, THEUNISSEN & C°
Represented by



Baudouin Theunissen
Auditor

Original version of this auditor's report in French

TEAM

BEATRICE RICHEZ-BAUM

ecoDa's Director General

XIAOJI ZHANG

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